

East Asian finance ministers set for Hawaii talks

Move to boost reforms, tackle financial turmoil

AFP, Manila

Finance ministers of China, Japan and South Korea are to meet their Southeast Asian counterparts in Hawaii Tuesday to help accelerate reforms and beef up the region's defenses against financial turmoil.

Meeting ahead of the annual forum of the Asian Development Bank (ADB), they would also grapple with short-term capital movements, a key factor that led to the Asian financial crisis in mid-1997, and consider a regional currency swap initiative, officials said.

The two-day talks would provide an opportunity for the ministers from the 10-member Association of Southeast Asian Nations (ASEAN) and their three northern neighbours to review the effects of the economic slowdown in the United States and Japan which is already taking a toll on the region.

The ADB has predicted that Asian economic growth would slip to about five per cent this year from more than seven per cent last year, but its president Tadao Chino said a second crisis was unlikely if structural reforms were

pursued.

"In general, the ASEAN plus three is pursuing three tracks," MC Abad, a spokesman for the Jakarta-based ASEAN Secretariat, said of the Honolulu meeting.

The ministers would "exchange views on the international financial architecture reforms, exchange information on short-term capital movements in East Asia and review the implementation of the Chiang Mai Initiative," Abad told AFP.

The initiative, first proposed by

the ministers at a meeting in the eponymous northern Thai resort last year, seeks to link ASEAN's international reserves with the three other countries through a matrix of bilateral currency swap agreements.

The Chiang Mai approach has obtained firm endorsement from Japan and South Korea, but so far is lacking in detail.

Finance ministers from the 13 countries met in Kuala Lumpur last month, but elected to proceed with caution over the initiative.

A Japanese finance ministry official told AFP that Tokyo hoped

to use the Honolulu forum to report on the progress of negotiations with several ASEAN countries to build such swap accords.

"We are close to reaching swap agreements with several ASEAN nations," said the official, who declined to be named or to list the countries with which Tokyo is holding talks.

"The progress of the negotiations and terms for the swap agreements might be reported at the Honolulu meeting," the official added.

"We are hoping that the systems to be built under the Chiang Mai initiative would provide a safety net to prevent another economic crisis in Asia."

This is the first time Japan's new finance minister Masajuro Shiokawa will meet his counterparts from Beijing and Seoul as well as ASEAN members Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam.

A Singapore finance ministry official said that the city state "does not see the need to have a bilateral swap agreement under

the Chiang Mai Initiative with any country at this time."

Singapore already has bilateral swap and repurchase agreements with several countries in the region, the official added.

The initiative originally proposed that a borrower nation could draw 10 per cent of an agreed credit line, but with future disbursement tied to International Monetary Fund (IMF) supervision.

Malaysia, which unlike Indonesia, South Korea and Thailand refused the IMF's help during the 1997 crisis, has led objections to the Chiang Mai Initiative.

The Singapore finance ministry official said that there has been a recognition "that the IMF already has in place a functioning and fairly effective surveillance mechanism and can play a useful and constructive role under certain circumstances."

"Hence to be useful, the exact terms and modalities of each bilateral swap agreement should be negotiated between both parties of the agreement taking into account their specific circumstances and financing needs."

Leading economists say Malaysian ringgit peg safe despite strains

REUTERS, Kuala Lumpur

"We still do not think that there will be any change in the peg this year," said Steve Brice, treasury economist at Standard Chartered Bank in Singapore. "We feel such fears are misplaced."

Exporters of palm oil, semiconductors and electronics, mainstay of the Malaysian economy, have been clamouring for devaluation of the ringgit to offset sliding regional currencies.

They say Malaysia's export-dependent economy would be hit by a loss of competitiveness as neighbouring countries' currencies fell and their exports became cheaper.

Speculation that Malaysia may devalue the ringgit, pegged at 3.80 to the dollar, has been ripe in financial markets.

Malaysia's exports rose by just 2.0 per cent in January-March against a scorching 22 per cent in the same period a year ago.

A re-adjustment in the ringgit will be welcomed as it will add to our kitty. There is threat to Malaysian palm oil exports from weakening Indonesian rupiah," said a palm oil trader.

But Malaysian authorities and most economists remain unconvinced and say speculators are barking up the wrong tree.

As many as 250,000 jobs are at risk in the British tourism industry because of foot-and-mouth disease, an industry body warned on Friday.

The tourist industry is hoping that business will perk up in May, when Britons traditionally take advantage of two bank holidays to head for the countryside.

But though many rural areas have now reopened to tourists, only 14 per cent of Britons intend to take a short-break holiday in the countryside during May, the English Tourism Council said.

Without special aid, English tourism is likely to lose five billion pounds (8.0 billion euros, 7.2 billion dollars) this year, 2.5 billion next year and one billion in 2003, the council said.

Without additional public investment, 150,000 direct tourism jobs are at risk and as many as 250,000 jobs could be affected, it warned.

"While the foot-and-mouth outbreak appears to be over the worst, many countryside tourism businesses are still facing financial ruin," the council said.

The Group of Seven nations and other economic powers have agreed to coordinate policies to tackle risks of global meltdown triggered by megabank failures, a report said yesterday.

The economic powers will hammer out the details of the framework by early next year to prepare a joint field test on coordinated measures, the Kyodo News Agency said, quoting Japanese government sources.

The drill will involve central banks, financial authorities, the International Monetary Fund, the Bank for International Settlements as well as other international financial bodies, the report said.

Tokyo is to take an active role in the international efforts, which are also designed to curb a domino effect in case giant banks and hedge funds go under, it said.

S Arabia needs \$116b in power sector

AFP, Riyadh

OPFC giant Saudi Arabia needs investments of more than 116 billion dollars in its electricity sector over the coming 23 years to match increased demand from a rapidly growing population, a top economist said Saturday.

Said al-Shaikh, chief economist of the National Commercial Bank, said current electricity production capacity of 23.438 megawatts was projected to more than double by 2023 to over 50,000 megawatts.

The population of Saudi Arabia was also projected to double to 38.4 million people by 2023 and the annual increase in electricity demand was estimated at 4.5 per cent, Shaikh told AFP.

Shaikh's projections were based on estimates by the ministry of industry and electricity.

More than half of the required investments will be needed for generation (54 per cent), 29 per cent for transmission and 17 per cent for distribution, he said.

Only Saudi nationals can invest in the transmission and distribution sectors, but generation, which will require an annual investment of 2.74 billion dollars annually for the next 23 years, is

open to foreign investors.

Saudi Arabia last October hiked the average electricity tariff rates for residents from 2.1 cents per kilowatt-hour to 4.5 cents per kilowatt-hour by raising charges on high consumption groups and leaving lower groups unchanged.

But Shaikh said that even at this rate, the electricity sector can barely break even after sustaining heavy losses during the past several decades because of the heavily-subsidised rates.

Before the increase, the combined losses of the Saudi power sector reached 48 per cent of total sales revenues and the total debt outstanding of the power sector became 26 billion dollars at the end of 1999.

The Saudi Electricity Company was formed last year with a capital of nine billion dollars through the merger of several smaller companies, following the government decision to cut subsidies.

Saudi Arabia will get part of its needed power through the so-called "gas initiative", a huge multi-billion project to explore and produce gas from three giant natural gas fields with foreign investments.

Government of the People's Republic of Bangladesh

Public Works Timber Workshop Division

Mirpur, Dhaka

Tender Invitation Notice

Memo No. TWD/26/4266

Dated: 24-4-2001/11-1-1408 BS

1. Tender Invitation Notice No. 274 (2000-2001).
2. Tenders on item rate basis in Bangladesh Form No. 2911 under sealed cover are hereby invited from Public Works Directorate's licence holder 1st/2nd class & 3rd class E/M contractors having VAT Department's registration certificate for the undermentioned work. Tenders will be received in tender box kept at the office of the undersigned as well as Public Works E/M Division-1/2/3/4/5/6/7/8/E/M Workshop Division & Public Works Eden Building Division, Dhaka as per the undermentioned date & time and opened on the same day at 12-15 min. in presence (if any) of the tenderers.

3. Name of work : False ceiling of Ministers Hostel's Seminar Room fixing with design beat & painting-varnishing.

4. Estimated cost : At the rate 2% of the rate quoted by the contractors.

5. Earnest money : 10 (ten) days.

6. Time for completion of work : Last date of selling tender : 15-5-2001 (during office hours).

7. Last date of receiving tender : 16-5-2001 (up to 12-00 noon).

8. Rate of items of schedule basis should be quoted distinctly in figures & words. It may be noted that not more than two digits should be used after point.

9. Earnest money must be submitted with the tender in the form of BD/PO/CD/SDR/Protrakkha Sanchayapatra etc. from any scheduled bank in favour of Executive Engineer, Public Works Timber Workshop Division, Dhaka, without which tender will be treated as cancelled.

10. Schedule of work, contract rules & regulations etc. can be seen & purchased on cash payment of Tk 425/- only (non-refundable) from the office of the undersigned as well as Executive Engineer, Public Works E/M Division-1/2/3/4/5/6/7/8/E/M Workshop Division & Public Works Eden Building Division, Dhaka during office hours up to the last date of selling tender. Contractor himself or his authorised representative can purchase the tender on production of registration book with requisite papers.

11. The authority reserves the right to accept or reject any tender without assigning any reason.

Ansurul Huq

Executive Engineer
Public Works Timber
Workshop Division

Mirpur, Dhaka

DFP-11434-29/4

G-846

Government of the People's Republic of Bangladesh

Public Works Timber Workshop Division

Mirpur, Dhaka

Tender Invitation Notice

Memo No. TWD/26/4267

Dated 24-4-2001/11-1-1408 BS

1. Tender Invitation Notice No. 277 (2000-2001).
2. Tenders on item rate basis in Bangladesh Form No. 2911 under sealed cover are hereby invited from Public Works Directorate's licence-holder special class/combined first class/1st/2nd class E/M contractors having VAT Department's registration certificate for the undermentioned work. Tenders will be received in tender box kept at the office of the undersigned as well as Public Works E/M Division-1/2/3/4/5/6/7/8/E/M Workshop Division & Public Works Eden Building Division, Dhaka as per the undermentioned date & time and opened on the same day at 12-15 min. in presence (if any) of the tenderers.

3. Name of work : Manufacturing & supplying furnitures (Group No.12).

4. Estimated cost : At the rate 2% of the rate quoted by the contractor.

5. Earnest money : 1 (one) month.

6. Time for completion of work : Last date of selling tender : 16-5-2001 (during office hours).

7. Last date of receiving tender : 17-5-2001 (up to 12-00 noon).

8. Rate of items of schedule basis should be quoted distinctly in figures & words. It may be noted that not more than two digits should be used after point.

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Review meet of JB ReadyCash held

A review meeting of Janata Bank ReadyCash payment system took place at the Boardroom of the bank on Saturday, says a press release.

SA Chowdhury, Managing Director, Shamsul Islam Bhuiyan, Deputy Managing Director, and general managers of the bank and MJ Islam, President of American International (BD) Ltd, were present on the occasion.

MJ Islam briefed the meeting about the current status of ReadyCash programme of the bank.

The Managing Director of Janata Bank emphasised the need and usefulness of such a Ready-Cash Card.

In the meeting, several important decisions were made regarding merchant locations, banking services, promotional activities, reconciliation of accounts and future expansion of programme.

SA Chowdhury also prioritized setting realistic targets for the Janata Bank ReadyCash programme.

The Singapore finance ministry official said that there has been a recognition "that the IMF already has in place a functioning and fairly effective surveillance mechanism and can play a useful and constructive role under certain circumstances."

The Janata Bank Managing Director said in the hanging economic scenario ReadyCash card is capable meeting the divergent need of different types of customers including payment of utility bills.

KL wants Delhi to cut import duty on palm oil

AP, Kuala Lumpur

Malaysia will urge India to slash its import duty on palm oil when Prime Minister Abdril Vajipave makes his first official trip to the Southeast Asian country next week, a Cabinet official said.

Prime Minister Mahathir Mohamad has agreed to "raise this matter" with Vajipave during his four-day visit to Malaysia starting May 13, Primary Industries Minister Lim Keng Yaik was quoted as saying by the national news agency, Bernama, late Saturday.

Lim said Malaysia was concerned that India imposes a 92.4 per cent import duty on palm oil, compared to just 50.8 per cent on soybean oil.

The minister said he was confident that Vajipave would be sympathetic to Malaysia's request.

Malaysia is the world's largest palm oil producer. Last year, the country exported about 2.4 million metric tons (2.65 million US tons) of palm oil to India, which has traditionally been the biggest buyer of Malaysian oil.

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